

Case Study

Forecasting, Replenishment



Renault has No Time to Spare

Results

- Significantly reduced safety stock and improved cashflow
- Gained visibility to all stock across multi-tiered distribution network

Rapid replenishment

Renault promises its European customers that any of its 200,000 spare parts ordered by 4:00pm will be delivered to the customer by 8:00am the next morning. "It's very hard to deliver every spare part overnight, but we need to respect this commitment across our European markets. We need a global supply chain that's very strong in order to accomplish that goal."

-Renault program manager

Challenges

- European automotive company Renault has built a reputation for quality, innovation and service. A critical part of this equation is the automaker's spare parts business. They pledge to deliver any one of 200,000 spare parts overnight through a multi-echelon distribution network.
- Renault maintained multiple layers of redundant safety stock in order to meet its overnight delivery promise even though its own supplier lead times range from two to eight weeks.
- Renault wanted to reduce inventory levels to free up cashflow without degrading its spare parts delivery commitment.

Inventory reduction

Renault's spare parts operations are supported by two master warehouses and a network of dozens of distribution centers scattered across Europe. Historically, Renault was able to honor its customer overnight delivery commitment by maintaining high spare parts inventory levels across its complex European distribution network, which includes up to five tiers of suppliers, dealers and regional distribution centers. This required stocking large amounts of redundant safety stock since supplier lead times vary from two to eight weeks. This was costly.





“Automotive companies don’t have big margins, so we are very sensitive to the economic environment. In addition, natural disasters and political unrest can significantly disrupt our worldwide supply chain.”

Thus, when Renault decided to free up cashflow by reducing inventory levels, without impacting their overnight delivery promise, they looked for technology help. They found it in Blue Yonder’s Luminate™ Planning suite.

“The robustness of the solution was an important topic. We wanted a proven solution, and Blue Yonder had one. We wanted a solution that could manage our big volumes. We wanted a companion that was able to follow up and support us anywhere in the world. Blue Yonder answered all those needs.”

Centralized planning

The Blue Yonder solutions have allowed Renault to achieve a centralized calculation of inventory drivers, replenishments and forecasts while also being able to understand the local nuances of its distribution centers. Renault has been able to maintain its same levels of product availability while dramatically reducing its redundant safety stocks.

“We had a decentralized organization. Every distribution center was doing local optimization without any view of what happened before and after in the supply chain. Now, thanks to Blue Yonder, we have a global view of every stock in every distribution center and we can make the right decision for the customer.”

Innovation

Renault’s focus on innovation was also an important consideration. “Blue Yonder has a product that is very famous in retail. We wanted to bring the best ideas in retail to our spare parts logistics. We were looking for a major breakthrough, and we wanted to make it happen quickly.”

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Rapid returns

Renault is not only pleased with the direct impact on its daily business processes, but also with its long-term payback on its investment in Blue Yonder solutions. “When we did the project, what was very important was to have a payback that was less than one year. Now, one year later, we can say that we achieved this objective.”

Solution benefits

- Significantly reduced safety stock and improved cashflow without degrading its overnight spare parts delivery commitment
- Centralized replenishment planning across multi-tiered distribution network, providing global visibility to all stock across every DC
- Met less than one-year ROI target through reductions in total inventory

Blue Yonder expertise

Throughout their implementation, Renault relied on Blue Yonder for support and guidance.

“I think the right word to summarize our relationship with Blue Yonder is ‘partnership.’ When we have any issues, they find us answers very quickly, as fast as possible. We have worked with them to improve forecast accuracy and results.”

-Renault program manager

 Luminate Planning

